



Report to the Secretary of Defense

Managing DoD Under Sustained Topline Pressures

Report FY10-02

- **Recommendations to improve DoD's management processes and systems to prepare for a period of sustained pressure on its topline budget.**

Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE JAN 2010		2. REPORT TYPE		3. DATES COVERED 00-00-2010 to 00-00-2010	
4. TITLE AND SUBTITLE Managing DoD Under Sustained Topline Pressures				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Defense Business Board,1155 Defense Pentagon,Washington,DC,20301-1155				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 37	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Summary Report

Managing DoD Under Sustained Topline Pressures

TASK

Both the ongoing global economic crisis and historical defense budget trends indicate that the Department of Defense (DoD) could soon be facing a period of sustained pressure to reduce its topline budget. Since 1947, DoD has experienced cycles of decreased budgets after periods of significant increase. Therefore, the Department should consider how it might cope if it again finds itself in this predicament.

The Chairman of the Defense Business Board (DBB) requested a review of the existing culture and processes that form the basis for DoD's program and budget decision-making and to identify proposals that might enable significant and meaningful trade-offs that more accurately reflect budget priorities. This report outlines a strategy for DoD to examine its management processes in order to guide it through anticipated future budget pressures. A copy of the official Terms of Reference (TOR) may be found at **Appendix A**.

The Task Group was chaired by Dov S. Zakheim and supported by Joe Wright and Arnold Punaro. The Task Group Military Assistant was COL Kevin A. Doxey, USA.

PROCESS

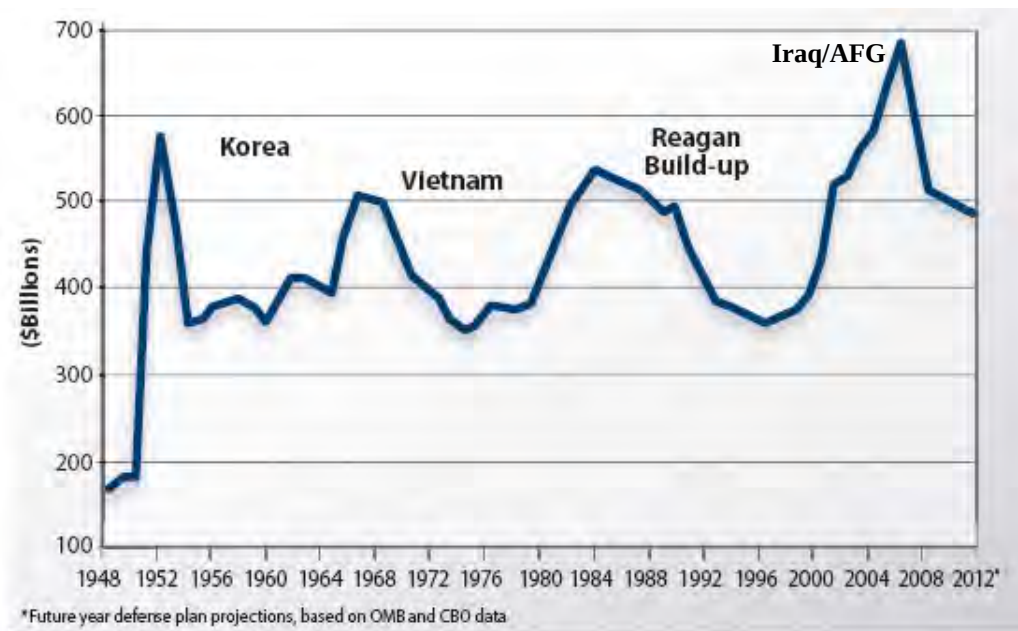
The Task Group interviewed current and former DoD managers and senior leaders for background information. It also sought perspectives from outside DoD through interviews with chief financial officers from the private sector and leaders of a major business school. The Task Group also analyzed future budget forecasts using projections from the Congressional Budget Office and applied best business practices to benchmark DoD's activities. The group also reviewed and analyzed the potential effect of the changing global economic conditions on the U.S. defense budgets over time, and identified possible systemic financial challenges for DoD.

Defense Business Board

The Task Group's draft findings and recommendations were presented before the full Board for deliberations at the January 21, 2010 quarterly meeting. The Board voted to approve the recommendations. See **Appendix B** for a copy of the final presentation approved by the Board.

FINDINGS

The Task Group observed that over the last several decades, defense spending in the United States has experienced four periods of sharp budget increases: the Korean War; the Viet Nam War; the Reagan Presidency; and the Iraq/Afghan Conflict. Additionally, the first three periods of increases were followed by periods of significant defense budget decreases, which tapered to a flat defense budget (e.g., period of no growth).



Given the recent increases in defense spending over the last ten years, it is a reasonable assumption that this period will be followed by a decline in the defense budget and an eventual flat budget. The Task Group believes that DoD should now rethink its recapitalization strategy, such as preparing and equipping for future threats, instead of replacing its combat worn resources.

The Task Group observed that during periods of defense budget cuts, DoD traditionally reduces its force structure, which negatively affects readiness. Yet history shows that after approximately 10 years, a corresponding increase in force structure is needed to replace those previous year reductions in order to meet national security demands.

Additionally, in a constrained budget environment, DoD typically underfunds its Operations and Maintenance (O&M) accounts, which are the key accounts used to pay for necessary operational and maintenance expenses. Business practices have long proved that capital assets, once acquired, must be properly maintained in order to realize their full economic life value. DoD's practice to underfund maintenance and repair has an overall, long-term negative impact on military readiness and shortens the economic life of the taxpayer's investment. When O&M is reduced, often critically-needed maintenance and repair of equipment is underfunded, creating even greater costs for repairs than would otherwise be necessary.

Furthermore, the Task Group observed that DoD lacks effective management tools and streamlined business management processes to make meaningful strategic choices for its available resources. Furthermore, there is no mechanism to convert these strategic choices into long-term programs and near-term budgets. The Task Group also noted that DoD fails to properly collect, measure and track budgets with timely meaningful data. As a result, during periods of budget decline, DoD will run the risk of continuing to repeat using decision-making processes that only address issues at the margins. DoD must have a systematic process to make "major trades" within broad military missions across the Military Services and avoid under budgeting major initiatives, for example, the cost to reset (repair, replace and overhaul) the force.

Given its current culture, DoD is unable to address the foregoing concerns without an external stimulus. In the past, external commissions have often been the vehicle for generating new solutions to persistent challenges.

Overhead Challenges

DoD faces a myriad of systemic financial challenges that have not been adequately addressed for years, if not decades. For example, since 2002, overhead costs have continued to grow and they presently constitute

roughly 42% of Total Obligation Authority (TOA). These "overhead" costs are buried in budget categories such as: (1) force installations, (2) communications and information, (3) science & technology programs, (4) acquisition, (5) central logistics, (6) defense health programs, (7) central personnel administration, (8) central personnel benefits programs, (9) central training, (10) departmental management, and (11) other infrastructure. These categories of "infrastructure" are broad and lack underlying specificity and visibility for management to fully understand the Department's overhead.

Additionally, some of these overhead categories have ballooned over recent years, suggesting out-of-control program areas. For example, military health care which totaled \$43 billion as recently as Fiscal Year 2009 is expected to exceed \$65 billion by 2015. Another example is the acquisition programs, where there has been extreme growth due to baseline changes, have doubled the costs of Major Defense Acquisition Programs from \$783 billion in FY2000 to \$1.7 billion in FY 2007, whereas the number of weapons systems intended for the early budgeted amounts have decreased. Such explosive growth in procurement contributes to unstable programs, delays and cancellations. The Army's inability to develop a combat scout helicopter despite two decades of effort is one major example of cost growth contributing to the Department's procurement challenges.

The Task Group noted that DoD lacks detailed, consistent and accurate cost data for major elements of its enterprise, and the different categories of overhead-type activities such as base operations, headquarters, and logistics. DoD is slow to adopt advances and lessons-learned by industry and academia regarding enterprise management. Common predictive tools, such as cost optimization models, process optimization, and the use of leading indicators in metrics, are underutilized compared to the business community.

Additionally, there are no common metrics below the major command levels. As a result, senior leaders are often unaware of long-term program cost implications, and the resulting opportunity costs' impact on other DoD priorities.

Finally, the above mentioned developments have seriously affected military capabilities. High levels of Operational Tempo (OPTEMPO) have caused accelerated depreciation of capital assets and an increase in the

demand for expendables, both of which drive up costs in all major areas of spending. Finally, the OPTEMPO costs need close review given the level of dependence on the National Guard and Reserve forces.

DoD's models for long-term sustainment of the force structure were not developed with such a heavy reliance on these forces. The long-term costs for using the Guard and Reserve to the extent they are used in Operation Enduring Freedom and Operation Iraqi Freedom should be analyzed and DoD's force structure models updated to incorporate the future costs associated with manning the force with these forces.

Human Capital Challenges

The Deputy Secretary of Defense currently confronts multiple human capital challenges. Most prominent among these are the acquisition workforce growth through new hires and insourcing, the civilian retirement bubble, and military/family post-war traumatic stress issues. These human capital challenges are further exacerbated by the fact that the personnel systems are not aligned with DoD performance management systems. Senior leaders and their supporting staffs are often evaluated in terms of budget preparation, instead of on performance.

Many of the current civilian and military leaders have only experienced the recent periods of budget increases and consequently, have created a culture of managing increased budgets. The management skills needed to function effectively in a period of flat or declining budgets are very different. Therefore, the lack of senior leaders' preparation for a new, declining budget era constitutes yet another serious human capital issue for DoD.

Finally, DoD's system of measurements and rewards does not appear to value the skills needed for the leaders of organizations to attract and retain motivated people with experience in operating during periods of declining budgets. The lack of business knowledge among senior leaders is exacerbated by the continued recruitment of non-business leaders to key defense positions. Periods of decreased budgets require skills such as; (1) stern leadership qualities that drive an enterprise to efficiency while withstanding corporate resistance, (2) ability to envision and discern the value of long-term goals against the anxiety associated with the short-term needs, and (3) ability to demand rigor in reporting, using information

technology to collect meaningful data to monitor performance and adjust spending. DoD should factor into the selection process for its senior management these requisite skills to keep pace with the changing environment.

In order to enhance the skills of current and emerging leaders that are already in DoD, the Task Group has developed a notional concept for an executive-level senior leader seminar program targeted at the most senior echelons within DoD, including senior military officers at the 3- and 4-star equivalents. These senior leader seminars would bring key leaders together to balance both leadership and business strategies and to focus on managing during a crisis as well as in periods of flat or declining budgets to align resources, activities and organizational goals. A notional concept for a DoD Senior Leaders Seminar Program is at **Appendix C**.

Budget Review Processes

The Department currently holds a single execution review annually each spring. However, given the complexity of the defense budget and the factor of timing, a single review appears to be insufficient for effective management.

Because decisions are made largely along Services lines based on budget categories, DoD's budgets reflect both duplication of capabilities and inconsistent mission prioritization. Admittedly, the Title X mission of the Military Services leaves little incentive to change the status quo. Yet, DoD could create policies to develop a more mindful, cost-conscious culture that rewards prudent risk taking. The Task Group was impressed with the Comptroller's new Challenge Fund that encourages and rewards innovation and supports more programs like it.

RECOMMENDATIONS

Based on the findings above, the Defense Business Board offers the following four recommendations:

1. The Secretary create two bipartisan commissions to address:
 - Military healthcare and retiree benefits – to provide flexibility to manage costs through better utilization of demand tools; such as premium adjustments, co-pay and deductibles.

Defense Business Board

- The high cost of infrastructure – to target low value-added systems, encourage prudent risk taking and consider divestiture of non-core activities (i.e., Defense Commissary System) and other cost effective management processes.
2. The Deputy Secretary direct the DCMO to conduct two execution reviews, in February and September, in addition to the annual mid-year execution review and strengthen critical management processes and systems to deliver actionable data.
 - Create consistent (tri-service) definitions of overhead across the enterprise.
 - Clearly communicate expectations and metrics to reduce overhead with senior civilian appointees and apply best business practices from corporations that have successfully managed through a decline and reinvented themselves.
 - Augment regular PPBE with an acquisition process that mirrors the rapid acquisition system and implement QDR tradeoffs on a dollar-per-dollar basis. Withhold add-ons unless and until reductions are viable.
 - Identify under spending accounts which could be banked and reward bureaucracy for clear-cut cost savings not cost-avoidance. For example, expand the Comptroller's Challenge Fund.
 - Identify fully burdened manpower costs in all initial estimates (including military retiree benefits) and integrate the true cost of health care in cost projections.
 3. The Deputy Secretary direct the DCMO to strengthen the Department's use of predictive management tools and develop metrics that measure leading and coincident indicators, not just lagging indicators.
 - Adopt private sector management tools to embed cost discipline into the culture. For example, employ cost optimization models, especially on enterprise-wide management systems, such as, commissaries, child care and facilities management.
 - Identify cost drivers – senior leaders need more insight into what drives costs and should be held accountable to ensure that cost-cutting is targeted at the right place and properly measured on outcomes and not outputs.

Defense Business Board

- Adopt a more aggressive cost strategy – reducing complexity and improving process efficiency will generate lasting benefits.
4. The Deputy Secretary commit to strengthen the DoD's human capital by the end of the FYDP.
- Work with OPM to create a new measurements and rewards system that will help to attract and retain motivated people with experience in operating in a “down-budget” as well as create a career path that values business acumen.
 - Performance evaluations should focus on performance management and actual accomplishments in managing budget execution not merely budget preparation.
 - Conduct seminars to train senior leaders in the best global management business practices and latest financial forecasts to continually implement enterprise-wide culture change. Requires attendance at a week-long offsite executive-level course at a major business school.

CONCLUSION

The Board recognizes that fighting two wars is demanding. Nonetheless, the Board is hopeful these recommendations will help to improve DoD's management processes and systems to prepare for a possible period of sustained pressure on its topline budget.

Respectfully Submitted,



Dov S. Zakheim
Task Group Chairman

Appendix A

Terms of Reference “Managing DoD Under Sustained Topline Pressures”

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DEFENSE
BUSINESS
BOARD

DEFENSE BUSINESS BOARD
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155

AUG 05 2009

MEMORANDUM FOR DOV ZAKHEIM (CHAIR)
JOE WRIGHT
ARNOLD PUNARO
HOWARD COX

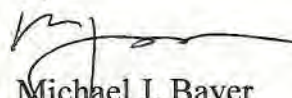
SUBJECT: Terms of Reference – “Managing DoD Under Sustained Topline Pressures”

Since 1947, the Department has experienced cycles of decreased budgets after periods of significant increase. It is reasonable that the Department consider how it will cope if it were again to face a period of sustained pressure on its topline budget. To anticipate these changes, request you form a Task Group to outline a management strategy for the Department to examine its management processes in order to lead it through such a period.

Please review the existing culture and processes that form the basis for decision making and propose new ones that will enable deep, vice marginal trades on budget priorities. Also, identify how the critical elements of change management- people, process, and technology, might be re-configured to help the Department meet a constrained budget. DoD’s leadership workforce has grown-up in an “up budget” era with management styles and rationales for decision-making within that context. Consider the challenges associated with such a generation in a “down budget” and how the Department might reverse these thought patterns to form leaders who can successfully manage in a down budget period. Particularly consider ways the Department might better forecast, manage, and allocate resources in a “down-budget”.

Dov will serve as Chair with support from Joe, Arnold and Howard. The Group should plan to present draft recommendations to the Board at the October meeting. COL Kevin Doxey, USA from the DBB staff, will serve as the Secretariat Representative.

As a subcommittee of the Board, and pursuant to the Federal Advisory Committee Act of 1972, the Government in the Sunshine Act of 1976, and other appropriate federal regulations, this Task Group shall not work independently of the Board’s charter and shall report its recommendations to the full Board’s public deliberation. The Task Group does not have the authority to make decisions on behalf of the Board, nor can it report directly to any federal officer who is not also a Board member. The Task Group will avoid discussing “particular matters” according to Section 208 of Title 18, U.S. Code.


Michael J. Bayer
Chairman



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Appendix B

**Final Presentation Approved by the Defense Business Board
“Managing DoD Under Sustained Topline Pressures”
January 21, 2010**

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DEFENSE BUSINESS BOARD



Managing DoD Under Sustained Topline Pressures

Dr. Dov Zakheim, Task Group Chair

January 21, 2010

Task Group Overview

TASK: Outline a strategy for the Department to examine its management processes and systems in order to prepare for a possible period of sustained pressure on its topline budget. Also, identify critical elements of change management—people, processes and technology.

TASK GROUP: Dr. Dov Zakheim (Chair), Joe Wright and Arnold Punaro

MILITARY ASSISTANT

COL Kevin Doxey, USA

Methodology

- Collected and analyzed background data
- Solicited comments from present and former key DoD managers and leaders
- Analyzed future budget forecasts in context that the previous historical perspectives are changing
- Applied best business practices to benchmark DoD's major budget categories (i.e., Military Personnel, Operations & Maintenance, Procurement, Research Development Testing & Evaluation, etc...)
- Identified impact over time of global economic “down vs. up” paradigm shift on defense budget

Background

- In a Modern Era the United States has had four periods of sharp increases in Defense spending: Korean War; The Viet Nam War; the Reagan Presidency; and the Iraq/Afghan Conflict. The first three were followed by a period of decline, then a flattened Defense budget. DoD appears poised to enter another such period. In each of the previous declines, the US:
 - Reduced force levels too rapidly, resulting in hurried requirements to increase those levels a decade later
 - Reduced Operations & Maintenance, resulting in cannibalization, and reduced readiness
- The DOD's current civilian and military leaders have risen in seniority in this "up-budget" era with management styles and rationales more appropriate to that context
 - Senior civilian leaders and Flag officers have primary experiences in times of budget increases—needed management skills are different in a "down" budget
- There are serious cultural issues that continue to plague the DoD's ability to change
 - For the past decade, steadily increasing budgets have enabled senior leaders to avoid really difficult choices.
- Budget/decision support systems have trouble delivering timely data especially in "down budgets"
 - There is no systematic analytic/decision process for "major trades" within broad military missions across Services (i.e., tactical air or missile/air defense) when resources are significantly reduced
 - The DoD has under budgeted the cost of reset (repair, replace, overhaul) the force —supplemental adds of over \$138B since 2003
- The Task Group addressed the following major accounts : Manpower and entitlements, Operations and Maintenance, Research & Development and Procurement.

Challenges

The DoD faces systemic financial challenges

- **Overhead**
 - Growing overhead costs—Roughly 42% of Total Obligation Authority have been devoted to infrastructure - since 2002 [\(1\)](#)
- **Health Care**
 - Ballooning healthcare costs—Increases in management and program costs will exceed \$65B by FY 2015 [\(2\)](#)
- **Acquisition**
 - Acquisition costs—Program cost growth and baseline changes have doubled \$783B in FY 2000 to \$1,702B in FY 2007 [\(3\)](#)
- **Human Capital**
 - Steadily increasing people costs—Generous compensation increases, increased benefits and expensive retirement plans [\(4\)](#)
- **The DoD also faces challenges driven by Operational Tempo (OPTEMPO)**
 - Accelerated depreciation of capital assets and increased demand for expendables drives up the costs in all of the major areas of spending
 - The accounts that are most affected are Manpower and Entitlements, Operations and Maintenance, Research and Development, and Procurement.

Findings

- The DoD lacks an aggressive, data driven attack on its overhead costs such as full cost accounting
 - People costs are not a priority—Greater leadership is needed to address human capital challenges. Health care costs in particular have not been brought under control
 - DoD cannot ignore facilities—Facilities continue to age: replacements cycles exceed 100 years
 - There is no consistent definition of overhead across the Services. This is especially the case with respect to information systems and logistics support
 - There are no consistent measures of effectiveness or rules of thumb as to what constitutes “too much” overhead
 - Private sector models work that aggressively to reduce overhead on a continuing basis in order to achieve greater efficiency are not being employed effectively in the DoD
- The DoD lacks effective management tools to make meaningful strategic choices within available resources and then convert those choices into long-term programs and near-term budgets.
 - The DoD currently holds a single execution review in the spring of each year; that is insufficient for effective management
- Common predictive tools such as cost optimization models, process optimization and the use of leading indicators are underutilized when compared to the business community.
 - As a result, the budget reflects both duplication of capabilities, and inconsistent mission prioritization among the Military Services. There are few direct trade-offs. Decisions are made largely along Service lines based on budget categories
 - The DoD lacks institutional programs that incentivize and reward prudent risk taking.
 - The Comptroller’s challenge fund is an exception; it attempts to encourage and reward innovation.

Findings

- The DoD lacks detailed, consistent, and accurate cost data for major elements of its enterprise, overhead-type activities such as base operations, headquarters, and logistics.
 - Advances and lessons-learned in enterprise management adopted in industry and academia are slow to be adopted by the DoD
 - There are no metrics for trade-offs below major command levels; such trade-offs often are inconsistent with overall DoD priorities
 - As a result, senior leaders are often unaware of long term program cost implications, and resulting opportunity cost impacts on other DoD priorities
- Steady growth of procurement costs result in unstable programs, delays and cancellations, which in turn have a serious impact on military capabilities. For example, the DoD has experienced two decades of failure to develop a combat scout helicopter
- Despite the greatly increased role of Guard/Reserve forces, the DoD has not sought to optimize costs associated with the mix of Active and Reserve components
- The DoD's culture renders it unable to address the foregoing concerns without an external stimulus. External commissions have often been the vehicle for generating new solutions to persistent challenges

Recommendations

1. The Secretary create two bipartisan commissions to address:
 - Military healthcare and retiree benefits
 - to provide flexibility to manage cost through better utilization of demand tools such as premium adjustments, co-pay, and deductibles
 - The high cost of infrastructure
 - to target low value-added systems, encourage prudent risk taking and consider divestiture of non-core activities (i.e., Defense Commissary System) and other cost effective management processes
2. The Deputy Secretary direct the DCMO to conduct two execution reviews, in February and September, in addition to the annual mid-year execution review and strengthen critical management processes and systems to deliver actionable data
 - Create consistent (tri-service) definitions of overhead across the enterprise
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 - Identify under spending accounts which could be banked and reward the bureaucracy for clear-cut cost savings not cost-avoidance.
 - For example, expand the Comptroller's challenge fund
 - Identify fully burdened manpower costs in all initial estimates (including military retiree benefits) and integrate the true cost of health care in cost projections

Recommendations

3. The Deputy Secretary direct the DCMO to strengthen the Department's use of predictive management tools and develop metrics that measure leading and coincident indicators, not just lagging indicators
 - Adopt private sector management tools to embed cost discipline in the culture.
 - For example, employ cost optimization models especially on enterprise wide management systems such as commissaries, child care, and facilities management
 - Identify cost drivers.
 - Senior leaders need more insight into what drives costs and should be held accountable to ensure that cost-cutting is targeted at the right place and properly measured on outcomes and not outputs
 - Adopt a more aggressive cost strategy
 - Reducing complexity and improving process efficiency will generate lasting benefit
4. The Deputy Secretary commit to strengthen the DoD's human capital by the end of the FYDP
 - Work with OPM to create a new measurements and rewards system that will help to attract and retain motivated people with experience in operating in a "down-budget" as well as create a career path that values business acumen
 - Performance evaluations should focus on performance management and actual accomplishments in managing budget execution not merely budget preparation
 - Conduct seminars to train senior leaders in the best global management business practices and latest financial forecasts to continually implement enterprise wide culture change.
 - Requires attendance at week-long offsite executive level course at a major business school

Outbriefs

- Deputy Secretary of Defense
- Service Secretaries
- Under Secretary of Defense Comptroller/Financial Officer
- Vice Chairman Joint Chief Of Staff
- Vice Chiefs
- Deputy Chief Management Officer
- Director, Cost Assessment and Program Evaluation

DEFENSE BUSINESS BOARD



Questions

DEFENSE BUSINESS BOARD

Business Excellence In Defense of the Nation

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Backup

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Business Excellence In Defense of the Nation

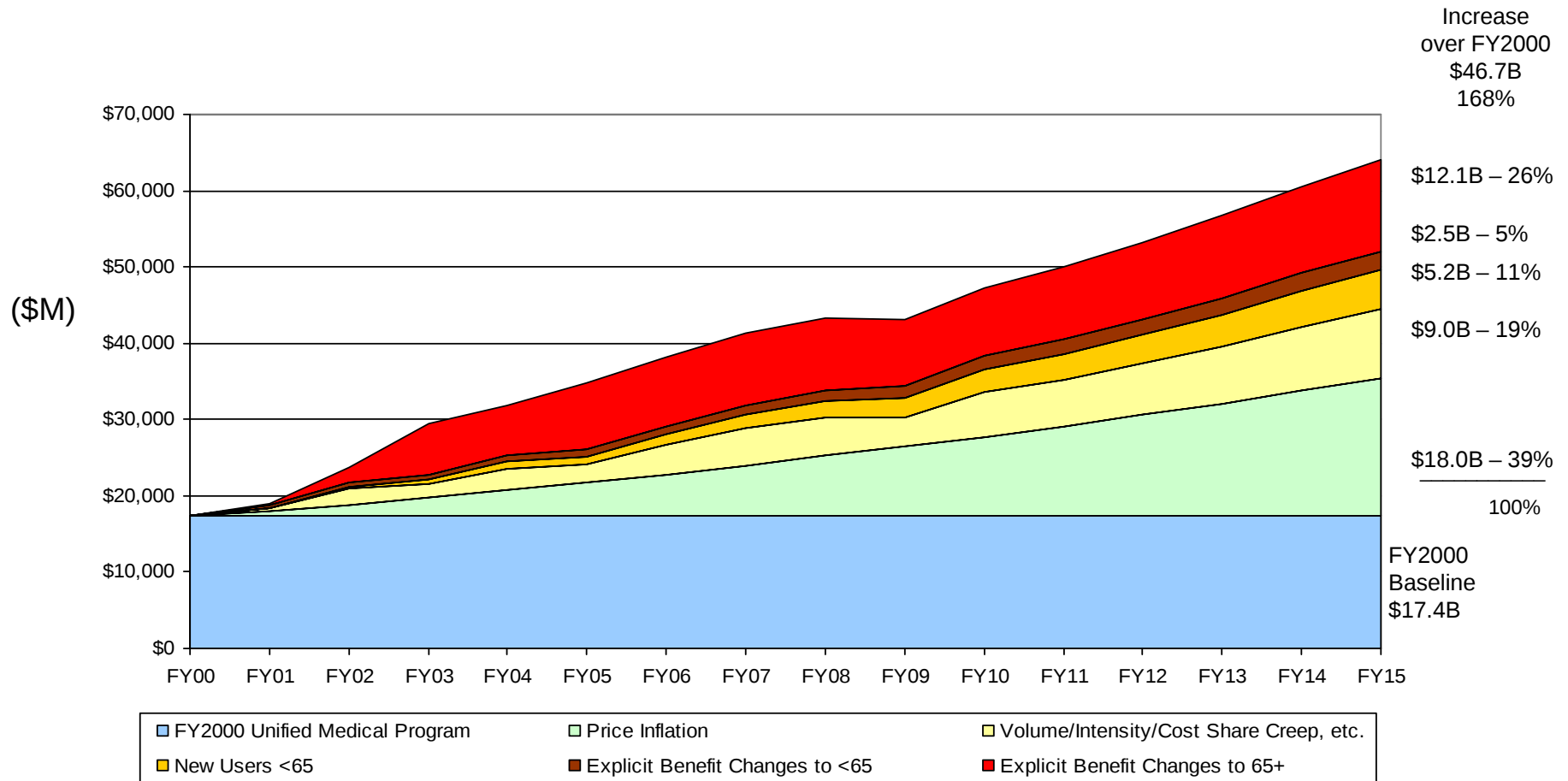
DoD infrastructure \$(billions) remains steady at ~42 percent

Infrastructure	FY2002	FY2003	FY2004	FY2005	FY2006
Force Installations	29	35	33	35	28
Communications & Information	7	10	9	9	9
Science & Technology Program	11	12	13	14	14
Acquisition	9	10	12	12	12
Central Logistics	22	29	26	25	25
Defense Health Program	28	25	27	27	28
Central Personnel Administration	8	13	13	12	13
Central Personnel Benefits Programs	9	10	10	10	10
Central Training	33	36	33	33	34
Departmental Management	18	22	21	29	27
Other Infrastructure	4	4	12	25	5
Total Infrastructure (% of DoD)	180 (44%)	206 (42%)	209 (42%)	230 (43%)	205 (42%)

(Total obligated authority) Source: PA&E



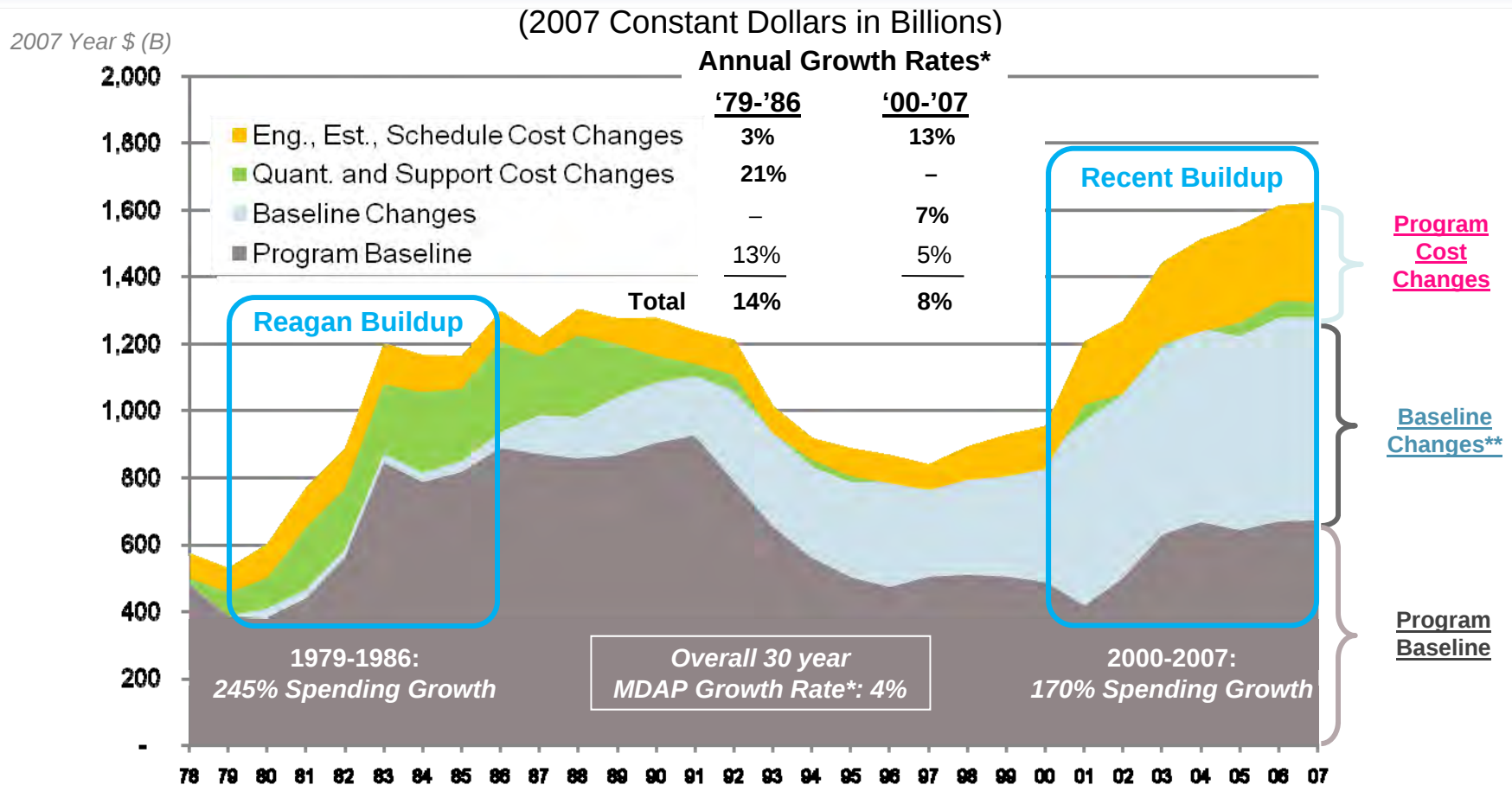
Projected Growth through FY 2015 in the DoD Unified Medical Budget (No GWOT)



* Increase over FY2000 is \$46.7B and ultimately 12% of the DoD budget

Source: OUSD/Health Affairs

Major Defense Acquisition Program Portfolio 1978 - 2007



Recent buildup is characterized by fewer new programs, increases in existing baseline budgets, and increases in engineering and estimating costs

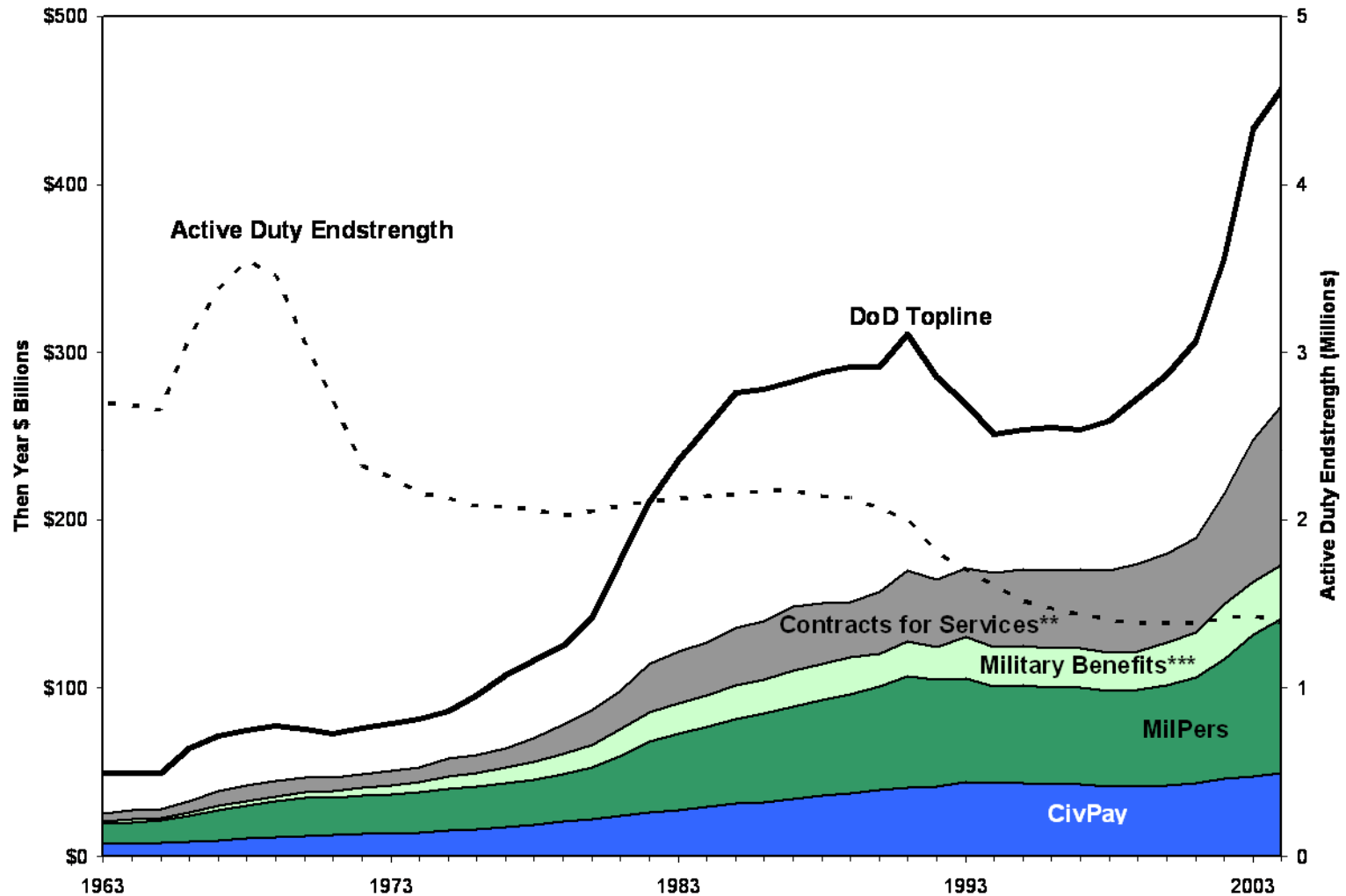
* Figures reflect Compound Annual Growth Rates (CAGRs)

** Includes all changes between a program's initial 'baseline estimate' and its current 'baseline estimate' (as of 2Q 2007 SAR); BMDS engineering cost changes were reclassified as 'baseline changes' due to unique program budgeting process

Source: OUSD(C) Study, DoD Selected Acquisition Reports, 1978 - 2007 (2nd Quarter)



DoD Labor Costs are Substantial...



* Source: OSD(PA&E), OUSD(C) and WHS, excludes costs not on the DoD budget (e.g., VA)

** Source: WHS, which categorizes contracts as Procurement, RDT&E, or Services

*** Retirement, DHP, Family Housing



Appendix C

A DoD Senior Leaders Seminar Program A Notional Concept

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DoD Senior Leaders Seminar Program
NOTIONAL CONCEPT

Objective

The objective of the program is to equip senior leaders from across the Department of Defense with frameworks and skills required to lead their respective areas through down-budget years while optimizing mission support.

Location/Timing

The program will be held on the campus of a leading Business School, with 50-60 participants at a time residing in the School's executive residences and attending five days of classroom-based programming led by business school faculty. Executive education programs are full-time for their duration, with a combination of class sessions and small group work which fully occupy a 14-16 hour day, including meals and scheduled breaks. A representative program flow is attached.

Participants

The program's initial cohort or cohorts would consist of some of the most senior echelons within the Department of Defense, including Assistant Secretaries of Defense, senior military officers (3- and 4-star equivalents) and senior civil servants. Later cohorts of participants would be drawn from slightly less senior ranks, and curriculum changes would be made accordingly.

Curriculum and Pedagogy

Detailed program curriculum will be determined by an iterative process between the selected business school faculty and senior DoD staff. *This approach to design results in a highly-customized program, tailored not just for content priorities, but also for participants and their organizational context.* One important variable in the design process is the seniority of the participant base. A more senior participant base, such as in the initial cohorts of the program, might require a higher level business strategy perspective in the curriculum, while later, less senior participants might benefit from a more tactical management approach. Defining more precisely the balance between the business strategy and business tactics in the program would be an important outcome of the design process. Drawing on content from a variety of subject areas such as those below to design the optimal program:

- Leadership and Business Strategy
 - Establishing the strategic scope of the organization
 - Cost analysis and its relationship to organizational strategy
 - Aligning resources, activities and organizational goals
- Leadership in Turnaround and Crisis Environments
 - Situation assessment and analysis
 - Reorganization - overhead and direct cost management
- Leadership and Management of Non-Profits and Mission-Driven Organizations
 - Performance measurement, accountability and results

- Motivating individual and energizing teams
- Leading and Managing Change
 - Aligning people with a constant mission but shifting operational priorities

The program will rely on case method discussion, with analogies from the corporate world, non-profits and government/multinational agencies, but will also include interactive lectures, simulations/exercises and, potentially guest speakers.

Faculty

Faculty will be drawn from a leading Business School as appropriate, focusing on faculty with relevant research and teaching experiences and, where possible, in-depth knowledge of the workings of the Department of Defense and/or other departments or agencies.

Sample Five-Day Schedule

Monday	Tuesday	Wednesday	Thursday	Wednesday	Friday
11:00 – 2:00 Registration & Lunch	7:00 – 8:00 Breakfast	7:00 – 8:00 Breakfast	7:00 – 8:00 Breakfast	7:00 – 8:00 Breakfast	7:00 - 8:00 Breakfast
	8:00 – 9:00 Study Groups	8:00 – 9:00 Study Groups	8:00 – 9:00 Study Groups	8:00 – 9:00 Study Groups	8:00 – 9:00 Study Groups
	9:00 – 10:30 SESSION 3	9:00 – 10:30 SESSION 7	9:00 – 10:30 SESSION 11	9:00 – 10:30 SESSION 15	9:00 – 10:30 SESSION 19
	10:30 – 11:00 Break	10:30 – 11:00 Break	10:30 – 11:00 Break	10:30 – 11:00 Break	10:30 – 11:00 Break
	11:00 – 12:30 SESSION 4	11:00 – 12:30 SESSION 8	11:00 – 12:30 SESSION 12	11:00 – 12:30 SESSION 16	11:00 – 12:30 SESSION 20: Closing Session
	12:30 – 2:00 Lunch	12:30 – 2:00 Lunch	12:30 – 2:00 Lunch	12:30 – 2:00 Lunch	12:30 – 12:45 Program Evaluations
	2:00 – 3:30 SESSION 5	2:00 – 3:30 SESSION 9	2:00 – 3:30 SESSION 13	2:00 – 3:30 SESSION 17	12:45 Lunch & Departure
2:00 – 2:30 OPENING SESSION: Introduction	3:30 – 4:00 Break	3:30 – 4:00 Break	3:30 – 4:00 Break		
2:30 – 4:00 SESSION 1	4:00 – 5:30 SESSION 6	4:00 – 5:30 SESSION 10	4:00 – 5:30 SESSION 14		
4:00 – 4:30 Break	5:30 – 6:30 Personal Time	5:30 – 6:30 Personal Time	5:30 – 6:30 Personal Time		
4:30 – 6:00 SESSION 2					
6:00 – 9:00 Opening Reception & Dinner	6:30 – 8:00 Dinner	6:30 – 8:00 Dinner	6:30 – 8:00 Dinner	6:30 – 8:00 Dinner	
	8:00 – 10:00 Individual Prep	8:00 – 10:00 Individual Prep	8:00 – 10:00 Individual Prep	8:00 – 10:00 Individual Prep	